

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal No. 06-
AVELINO SAMBADE, a/k/a : 18 U.S.C. §§ 1951(a) and 2,
"Al Sambade" and 26 U.S.C. § 7206(1).

INDICTMENT

The Grand Jury, in and for the District of New Jersey,
sitting in Newark, charges:

Count One

(Extortion Induced by Fear of Economic Harm)

Defendant, Individuals and Entities

1. At all times relevant to Count One of this Indictment, defendant AVELINO SAMBADE, a/k/a "Al Sambade," was the President of DAL Design Group, P.C. ("DAL"). DAL was an architectural firm, located in Bayonne, New Jersey, that provided architectural design plans for commercial and residential construction projects throughout New Jersey.

2. South Shore Village II Leased Housing Corporation ("South Shore Village II") was a not-for-profit entity established in 1973 to assist the City of Bayonne in providing

housing for elderly and low and moderate income residents. Since its inception, South Shore Village II was governed by a Board (the "South Shore Village II Board") consisting of five members. Members were elected for a five-year term by existing members. The Board members' terms were staggered so that every year one member's term would expire. The President of the South Shore Village II Board was elected by Board members for a three-year term and served at the pleasure of the Board.

3. From in or about 1996 to the present, Contractor No. 1 was the owner and operator of a construction company located in Bayonne, New Jersey (the "Construction Company") whose primary purpose was to provide residential and commercial construction services. Contractor No. 2 was a part owner of an electrical contracting company in Bayonne, New Jersey (the "Electrical Contracting Company"). Since approximately 1996, Contractor Nos. 1 and 2 formed limited liability corporations for various residential and commercial construction projects, and the proceeds from these various projects would be split evenly between Contractor Nos. 1 and 2. Both the Construction Company and the Electrical Contracting Company were businesses engaged in, and who purchased goods and services in, interstate commerce.

4. At all times relevant to Count One of this Indictment, defendant AVELINO SAMBADE was engaged by South Shore Village II to design a five-story, dual-use 87-unit residential and

commercial complex, known as the Thomas W. Zito complex, in Bayonne, New Jersey (the "Zito Project").

5. Under the terms of the engagement, after defendant AVELINO SAMBADE designed the Zito Project, he was responsible for managing its construction. As manager of the Zito Project, defendant AVELINO SAMBADE's responsibilities included, among other things, offering the construction of the Zito Project for bids, monitoring the progress of the construction, accepting and certifying requisitions for payment, accepting and approving change orders, and updating and reporting the progress of the construction to the President of South Shore Village II.

6. In or about July 2003, after receiving several bids from various construction companies for the construction of the Zito Project, South Shore Village II awarded the Zito Project to the Construction Company.

7. From in or about July 2003 to in or about August 2006, defendant AVELINO SAMBADE acted on behalf of South Shore Village II as the liaison to the Construction Company for the Zito Project, and advised representatives of South Shore Village II as to the progress of the Zito Project.

The Contract

8. On or about July 21, 2003, the President of South Shore Village II and the Construction Company entered into a 500-day

contract (the "Contract"), pursuant to which the Construction Company was to be paid approximately \$13.1 million to build the Zito Project.

9. The Contract established that, at particular project phases, the Construction Company would submit an application for payment ("Requisition Form") to defendant AVELINO SAMBADE for his certification and approval. If a Requisition Form was certified by defendant AVELINO SAMBADE, then South Shore Village II would pay the Construction Company the approved amount ("Progress Payments").

10. The Contract also permitted modification between South Shore Village II, defendant AVELINO SAMBADE, and the Construction Company which allowed for a change in work to be performed by making adjustments to the total contract price and/or the total contract length of time ("Change Orders"). For example, if there was a design change that would cause the Construction Company to incur additional cost, the Construction Company would request additional monies, over and above the Contract price, to effect the change. If defendant AVELINO SAMBADE and South Shore Village agreed and accepted the change, then the Change Order would be incorporated into the contract.

The Extortion Charge

11. From in or about August 2003 to in or about August 2006, in Hudson County, in the District of New Jersey, and elsewhere, defendant

AVELINO SAMBADE, a/k/a "Al Sambade," knowingly and willfully did obstruct, delay and affect interstate commerce by extortion--that is accepting and agreeing to accept from Contractor No. 1, with his consent, approximately \$100,000, induced by wrongful use of fear of economic harm against Contractor No. 1 and the Construction Company.

12. It was part of this extortionate activity that:

a. In or about Fall 2003, defendant AVELINO SAMBADE met with Contractor No. 1 at defendant AVELINO SAMBADE's DAL office to discuss the Zito Project and the first payment (hereinafter the "Mobilization Payment") to the Construction Company. Defendant AVELINO SAMBADE told Contractor No. 1 that Contractor No. 1 would have to pay defendant AVELINO SAMBADE \$300,000 in order to make the Project run smoothly. Additionally, defendant AVELINO SAMBADE told Contractor No. 1, in substance and in part, that the \$300,000 could be paid out of the Mobilization Payment.

b. On or about December 3, 2003, defendant AVELINO SAMBADE certified to South Shore Village II that a \$771,723 Mobilization Payment was appropriate and should be made to the Construction Company. On or about December 4, 2004, South Shore Village II

caused a Mobilization Payment in the total amount of \$771,723 to be made to the Construction Company.

c. On or about December 16, 2003, defendant AVELINO SAMBADE met Contractor No. 1 at the DAL office. To satisfy defendant AVELINO SAMBADE's demand for payment, Contractor No. 1 attempted to give defendant AVELINO SAMBADE a \$50,000 check payable to DAL. Upon seeing the check, defendant AVELINO SAMBADE stated, in substance and in part, "What the ---- is this?" Defendant AVELINO SAMBADE then told Contractor No. 1 that defendant AVELINO SAMBADE demanded cash payments--not checks. Notwithstanding his complaint, defendant AVELINO SAMBADE took the \$50,000 check and told Contractor No. 1 that defendant AVELINO SAMBADE would apply the check to a different project for which Contractor No. 1 owed defendant AVELINO SAMBADE money.

d. On or about March 4, 2004, defendant AVELINO SAMBADE met Contractors Nos. 1 and 2 at the DAL office. That meeting was audio-recorded by Contractor No. 1. While there, the three discussed the \$300,000 payment that defendant AVELINO SAMBADE was demanding from Contractor No. 1. During this conversation, Contractor No. 1 told defendant AVELINO SAMBADE that "we got some money, and . . . can only take it out \$9,000 at a time." defendant AVELINO SAMBADE responded "Right." Contractor No. 1 also said "we got 25 here . . . [and] the envelope is getting too big," to which defendant AVELINO SAMBADE responded, "that's what

you got a pick-up truck for." During this conversation, defendant AVELINO SAMBADE obtained \$25,000 in cash from Contractor No. 1.

e. On or about June 21, 2004, defendant AVELINO SAMBADE met Contractor No. 1 at the DAL office. Defendant AVELINO SAMBADE obtained an additional \$20,000 in cash from Contractor No. 1 at that time.

f. On or about August 2, 2004, defendant AVELINO SAMBADE met with Contractor No. 1 at the DAL office. Defendant AVELINO SAMBADE obtained an additional \$20,000 in cash from Contractor No. 1 at that time.

g. On or about September 30, 2004, defendant AVELINO SAMBADE met Contractor No. 1 at the DAL office. Defendant AVELINO SAMBADE obtained an additional \$20,000 in cash from Contractor No. 1 at that time.

h. On or about October 20, 2004, defendant AVELINO SAMBADE met Contractor No. 1 at the DAL office. Defendant AVELINO SAMBADE obtained an additional \$15,000 in cash from Contractor No. 1 at that time.

i. Between in or about August 2003 and in or about December 2004, defendant AVELINO SAMBADE accepted and approved Change Orders in the amount of approximately \$481,275 for Contractor No. 1.

j. In or about December 2004, defendant AVELINO SAMBADE met

with Contractor Nos. 1 and 2 at the DAL office. At that time, defendant AVELINO SAMBADE and Contractor Nos. 1 and 2 discussed Contractor No. 1's cash payments to defendant AVELINO SAMBADE and Contractor No. 1's explanation to defendant AVELINO SAMBADE as to why cash payments were being made slowly. The conversation was audio-recorded by Contractor No. 1. Contractor No. 1 told defendant AVELINO SAMBADE, in substance and in part, that for tax reasons it was difficult to pay defendant AVELINO SAMBADE \$300,000 in cash, and that it was easier for Contractor No. 1 to pay defendant AVELINO SAMBADE in checks. Defendant AVELINO SAMBADE responded "No. no. We never talked about three in checks. We never talked about that. We talked about three . . . three in cash. And then you just chose, you know, initially to write a check to me . . . and then and I told you guys: 'That's nuts.'"

k. In or about January 2005, defendant AVELINO SAMBADE met with Contractor Nos. 1 and 2 at the DAL office to discuss, among other things, the delay by defendant AVELINO SAMBADE of a Progress Payment to the Construction Company of approximately \$2,213,000.

l. Between in or about January 2005 and in or about February 2006, defendant AVELINO SAMBADE accepted and approved one Change Order in the amount of approximately \$21,464 for Contractor No. 1.

m. On or about November 29, 2005, defendant AVELINO SAMBADE

and Contractor Nos. 1 and 2 met at the DAL office to discuss, among other things, having defendant AVELINO SAMBADE approve Progress Payments to the Construction Company that had previously been withheld by defendant AVELINO SAMBADE. In addition to the above, Contractor Nos. 1 and 2 met with defendant AVELINO SAMBADE to discuss his approval of Change Orders that the Construction Company had previously submitted to defendant AVELINO SAMBADE. The conversation was audio-recorded. During this conversation, defendant AVELINO SAMBADE stated, in sum and substance, that cash payments were no longer required of Contractor No. 1 and to let "sleeping dogs lie."

In violation of Title 18, United States Code, Sections 1951(a) and 2.

Count Two

(Filing a Materially False Income Tax Return)

1. Paragraphs 1 to 10 and 12 of Count One of this Indictment are repeated and realleged as if set forth in full herein.

2. On or about April 15, 2005, defendant AVELINO SAMBADE signed and then filed and caused to be filed with the Internal Revenue Service ("IRS"), a 2004 United States Individual Income Tax Return, Form 1040, wherein he stated that his taxable income for calendar year 2004 was \$76,816, and claimed entitlement to a refund in the amount of \$678.

3. The return was signed by defendant AVELINO SAMBADE and contained a written declaration that it was signed under the penalty of perjury.

4. The return was not true and correct as to every material matter in that the return did not include additional income that defendant AVELINO SAMBADE received, in 2004, from Contractor No. 1 as set forth in Count One of this Indictment.

5. On or about April 15, 2005, in the District of New Jersey and elsewhere, defendant

AVELINO SAMBADE

did knowingly and willfully make and subscribe a 2004 United States Individual Income Tax Return, Form 1040, as described in Paragraphs 2 and 3 of this Count, which he did not believe to be true and correct as to every material matter, as described in paragraph 4 of this Count.

In violation of Title 26, United States Code, Section 7206(1).

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY